

This record is a partial extract of the original cable. The full text of the original cable is not available.

UNCLAS WARSAW 000985

SIPDIS

SENSITIVE

STATE FOR EUR/NCE TARA ERATH AND MICHAEL SESSUMS  
USDOC FOR 4232/ITA/MAC/EUR/JBURGESS AND MWILSON  
USDOC FOR 3133/USFCS/OIO/EUR/TMOORE  
USDOC FOR 3150/USFCS/OIO/CEE/MCOSTA  
TREASURY FOR OASIA MATTHEW GAERTNER AND ERIC MEYER  
FRANKFURT FOR TREASURY FOR JIM WALLAR  
STATE PASS TO EXIM BANK FOR DAVID FIORE

E.O. 12958: N/A

TAGS: [FAIR](#) [ETRD](#) [EFIN](#) [PREL](#) [PL](#)

SUBJECT: BOEING CEO MEETS WITH POLISH MINISTER OF TREASURY

REF: A. WARSAW 0971

[1](#)B. WARSAW 0921

[1](#)C. WARSAW 0913

[1](#)D. WARSAW 0749

This cable is sensitive, but unclassified: not for Internet distribution.

Summary

-----

[1](#)1. (SBU) Boeing CEO, Harry Stonecipher, met with the Polish Minister of State Treasury, Jacek Socha, on February 18, to discuss Boeing's activities in Poland. The meeting centered on LOT's tender for long-haul aircraft and also touched on Boeing's plans to cooperate with Polish companies for tooling contracts for the 787. Socha said that politics will not influence the decision on which aircraft LOT purchases. Stonecipher told Socha that there was no firm deadline for when Boeing would pull the delivery slots for LOT's 787s. Stonecipher and Boeing sales executives were pleased with the meeting, declaring that it couldn't have gone better. End summary.

Long-Term Commercial Impact the Key

-----

[1](#)2. (SBU) Henry Stonecipher came to Poland on February 18 to meet with GOP officials, including Minister of State Treasury, Jacek Socha, who is likely to have an important role in LOT's decision making process. During the meeting, Minister Socha acknowledged to Stonecipher that to stay competitive LOT needs new aircraft. He said that the 767s that LOT currently uses are good but "getting old." Stonecipher explained to Socha that Boeing was ready to address any problems or questions that LOT had regarding the financing of the aircraft, even if that required Boeing to finance part of the purchase itself. Socha quickly responded by saying that the financing aspect of the deal was a non-issue. Instead, Socha said the largest factor on which LOT's supervisory board would make its choice was which aircraft offer made the most long-term commercial and financial sense for the airline. LOT Airlines has not made money for the past two years and, as the competition from low-cost and other flag carriers increases, the airline needs to purchase aircraft that will give long term profitability.

A Commercial Decision

-----

[1](#)3. (SBU) Stonecipher said he hoped that LOT will be able to make its decision based on the commercial merits without political interference. Socha bluntly stated that politics will not play a role in LOT's decision.

Timing

-----

[1](#)4. (SBU) Socha asked Stonecipher how long Boeing would hold the delivery slots of the 787s for Boeing. Stonecipher responded rather obliquely by saying that he would give Poland until sometime in March if a deadline was needed to force a decision, but he emphasized that Boeing is very interested in working with LOT. He said that LOT advised Boeing on designing and planning the 787 Dreamliner, and that Boeing will try to work with LOT without putting down hard dates.

Production Cooperation

-----

15. (SBU) Stonecipher and Socha discussed Boeing's plans to place several tooling contracts with Polish companies. Stonecipher said that future cooperation with Polish companies to provide machining work might also be possible. Socha asked if these contracts would be conditional on the sale of the 787 to LOT. Stonecipher said that both Boeing and LOT preferred that these contracts not be tied to the sale.

#### Increasing Boeing's Presence on the Ground

-----

16. (SBU) Stonecipher also told Socha that Boeing plans on opening an office in Warsaw within the year and will have a permanent representative on the ground. Socha was pleased to hear this and said that Boeing should have already done so. (In a conversation earlier in the week with Econoff, Socha acknowledged that Airbus representatives have been very active in Warsaw over the past 5 months (reftel B).)

#### Comment

-----

17. (SBU) Considering the Polish government owns 68% of LOT aircraft, we expect the Ministry of State Treasury will play a key role in determining LOT's final decision on which aircraft it will purchase. We're pleased Stonecipher came and met Socha as this helps demonstrate Boeing is committed to winning the deal. We are also pleased that Socha was so clear in stating this deal will be decided on the commercial merits. As recent press articles make clear, however, Airbus is pushing hard. Boeing will have to keep up its efforts to lobby LOT and the GOP on the commercial issues. End comment.

MUNTER

NNNN

2005WARSAW00985 - Classification: UNCLASSIFIED